

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6533

BILL NUMBER: HB 1318

NOTE PREPARED: Jan 13, 2004

BILL AMENDED:

SUBJECT: Interest Penalties on Medicaid Overpayments.

FIRST AUTHOR: Rep. Becker

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that certain Medicaid providers who have been overpaid do not owe the state interest.

Effective Date: July 1, 2004.

Explanation of State Expenditures:

Explanation of State Revenues: Currently, if providers receive overpayments from the state Medicaid program, the provider is to repay the amount of the overpayment plus interest from the date of the overpayment. If a provider repays the alleged overpayment to the state, but after a hearing it is determined that the provider does not owe the money, the state is to return the money to the provider along with the provider's interest payment with interest calculated from the provider's date of repayment. The interest rate is the same rate that is used by the Department of State Revenue.

This bill eliminates the obligation of both the provider and the state to pay the interest charge. According to the Office of Medicaid Policy and Planning, the total amount of interest payments accrued from providers in CY 2003 for this purpose was about \$145,000. The amount of interest the state owed providers was about \$10,000. The net amount of interest that would be forgone by the state is about \$135,000 per year, of which the federal government will receive its share.

The state's share of this net interest revenue is about 38%, or about \$51,300. The federal government would receive the balance.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Office of Medicaid Policy and Planning.

Local Agencies Affected:

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